

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

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COMPETITIVE PRODUCT PRICES  
BILATERAL AGREEMENT BETWEEN UNITED STATES POSTAL  
SERVICE AND POSTEN NORGE AS (MC2010-34)  
NEGOTIATED SERVICE AGREEMENT

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Docket No.  
CP2012-60

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 1  
(September 21, 2012)

The United States Postal Service hereby provides its response to Questions 1 and 2 of Chairman's Information Request No. 1. The request was issued on September 18, 2012, with responses due on September 21, 2012. Each question is stated verbatim and followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
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September 21, 2012

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 1

**Question 1**

Please identify, explain, and quantify the FY 2013 initiatives that will result in FY 2013 cost savings. See CP2012-60 Public Work Papers.xls, tab: 01\_Inputs, rows 137-9.

**RESPONSE:**

The templates used to develop the financial workpapers filed in this docket incorporate information, including the FY 2013 initiatives, that is related to the calculations concerning the changes in rates for Inbound International Expedited Services 2, which the Postal Service filed in Docket No. CP2012-52.

The Norway Post Agreement modification, however, does not include any rates related to Inbound International Expedited Services 2 rates. The Norway Post Agreement modification concerns only rates for inbound Air Parcel items, which are not affected by the FY 2013 initiatives. Because the FY 2013 initiatives do not affect the rates in the Norway Post Agreement modification, the Postal Service considers that identifying, explaining and quantifying the FY 2013 initiatives that will result in FY 2013 cost savings is not relevant to the calculation and review of the rates for inbound Air Parcel items in the Norway Post Agreement modification, which is the subject of this docket.

The Postal Service acknowledges that in Order No. 1456, issued on August 30, 2012, the Commission directed the Postal Service to provide more details when the Postal Service files financial workpapers that include departures from established methodology. The sections of the financial workpapers relevant to the calculation of the rates in the Norway Post Agreement, however, include no such departures from

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 1

established methodology. A cost contingency factor relevant to the rates for inbound Air Parcel items is included, and was not eliminated, in the financial workpapers that the Postal Service filed in this docket.

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 1

**Question 2**

Please provide the following file, which includes FY 2011 FPS volumes: FY 11 FPS Inbound EMS.xls. See CP2012-60 Public Work Papers.xls, tab: 01\_Inputs, row: 160. In addition, please reconcile these volumes with FY 2011 ICRA volumes, and explain any differences.

**RESPONSE:**

The templates used to develop the financial workpapers filed in this docket incorporate information, including FY 2011 FPS volumes, that is related to calculations concerning the changes in rates for Inbound International Expedited Services 2, which the Postal Service filed in Docket No. CP2012-52.

The Norway Post Agreement modification, however, does not include any rates related to Inbound International Expedited Services 2 rates. The Norway Post Agreement modification concerns only rates for inbound Air Parcel items, which are not affected by FY 2011 FPS volumes. Because FY 2011 FPS volumes do not affect the rates in the Norway Post Agreement modification, the Postal Service considers that providing the file that includes FY 2011 FPS volumes (FY 11 FPS Inbound EMS.xls), reconciling these volumes with FY 2011 ICRA volumes, and explaining any differences is not relevant to the calculation and review of the rates for inbound Air Parcel items in the Norway Post Agreement modification, which is the subject of this docket.